

## Competitive/Third Party Energy Providers

This year electric energy rates have been raised and as such many people are exploring alternate ways to purchase electric energy for their home at a cheaper rate. We have heard from many consumers considering third party energy suppliers in the hopes of saving and we wanted to share some information to help paint a better picture of what switching to such a service really entails.

In 1997, Massachusetts deregulated electric energy suppliers. This gave independent companies the ability to provide electric energy to consumers as an alternative to the distribution company in the area. In our area (Cambridge, Somerville and Waltham) the distribution company would be Eversource, formerly NSTAR, or National Grid (Somerville and Waltham only).

Your electric energy bill is separated in two sections: **Delivery** and **Generation**.

**Delivery** refers to the costs associated with the maintenance of the infrastructure that allows for the power to be delivered to your home or business. Everyone, both those who choose to get their energy from the distribution company and those who elect to purchase from a third party provider, will pay the distribution company for the delivery portion of their bill.

**Generation** refers to the cost of the energy that you use, and this is usually measured with a rate per kilowatt hour (kWh). This is where possible changes in your bill will become apparent.

That being said there are some questions you should keep in mind when considering potential energy suppliers:

### Questions to ask when considering a switch and why to ask them

Q: [What is the price per kWh?](#)

Why: The provider should be able to tell you the price of their energy so you can compare it to rates from competitors.

Q: [What is the term/length of the contract? /Are there penalties for early termination of the contract? /Does the contract automatically renew at the end of the term?](#)

Why: These may seem like no brainers, but they are extremely important. A few companies have been found to include very large penalties for canceling service before the contract period is up. If you do not know the end date of that contract, there is a chance that that contract may renew for an additional period without you realizing it, extending the possibility of penalties if you decide to change service.

Q: [Does the contract contain an introductory price? /Are the energy prices fixed, or will they change throughout the term? /Are there minimum bill amounts?](#)

Why: Introductory pricing is not uncommon, make sure you find out if the price quoted is introductory and if so how long that price will last. Also find out if their pricing will be fixed or variable, will it be set at a single rate or is it subject to change depending on demand or other factors? Some providers also charge a minimum on their bills, if you don't use a lot of energy this could mean inflated bills at what was a seemingly lower rate.

Q: Will the electric competitive supplier bill you directly, or will charges be included in your current utility bill?

Why: Typically for small residential buildings you will continue to get one bill. That bill should differentiate the money you are paying to the distribution company and the money you are paying the third party provider clearly. There is, however, a chance that you could begin to receive two separate bills. It is good to clarify this beforehand so you don't get confused when you begin to pay the new bills after a switch to a new provider.

To find energy rates visit the Department of Public Utilities

Basic service (distribution companies): <http://www.mass.gov/eea/energy-utilities-clean-tech/electric-power/electric-market-info/basic-default-service/>

List of Competitive/ Third party providers: <http://web1.env.state.ma.us/DPU/FileRoom/Licenses>